



# Department of Justice

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## **FORMER UCAR EXECUTIVE AGREES TO PLEAD GUILTY, PAY FINE AND SERVE JAIL TIME FOR HIS ROLE IN INTERNATIONAL PRICE-FIXING CONSPIRACY**

WASHINGTON, D.C.— A former executive of UCAR International Inc.--the world's largest producer of graphite electrodes--today agreed to plead guilty, serve a 17- month jail term and pay a \$1.25 million criminal fine for conspiring to fix the price and allocate the volume of graphite electrodes sold in the United States and elsewhere, the Department of Justice announced.

Thus far, the Justice Department has obtained almost \$300 million in criminal fines as a result of an ongoing antitrust investigation in the graphite electrodes industry.

The criminal case, filed today in U.S. District Court in Philadelphia, charges Robert Krass, former President, Chief Executive Officer and Chairman of the Board of UCAR, with participating in a conspiracy to suppress and eliminate competition in the graphite electrodes industry from July 1992 until June 1997. As a result, steel makers paid noncompetitive and higher prices for graphite electrodes used in manufacturing steel products that are integral to a variety of business and consumer items.

“This case should send a strong message to other executives that participation in cartels that victimize U.S. businesses and consumers will result in severe penalties,” said Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division. “Those currently engaged in or contemplating similar conduct should take note of the high cost of getting caught.”

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Graphite electrodes are large columns used in electric arc furnaces in steel-making “mini-mills.” This method of making steel is the fastest growing in the U.S., and accounts for 50 percent of the steel manufactured in this country. The electrodes generate the intense heat necessary to melt scrap and further refine steel. Total sales of graphite electrodes in the U.S. were more than \$1.7 billion during the term of the charged conspiracy.

This is the sixth case resulting from the Antitrust Division’s ongoing criminal investigation into anticompetitive practices in the graphite electrodes industry. Similar charges were filed last week against Robert J. Hart, UCAR’s former Chief Operating Officer, for his participation in the graphite electrodes conspiracy. Hart has agreed to plead guilty, serve nine months in jail, and pay a fine of \$1 million.

Earlier this year, UCAR International; SGL Carbon AG and its Chief Executive Officer, Robert J. Koehler; Showa Denko Carbon Inc.; and Tokai Carbon Co. Ltd. pleaded guilty to participating in the graphite electrodes conspiracy. The companies were sentenced to the following fines: UCAR, \$110 million; SGL, \$135 million; Showa Denko, \$32.5 million; and Tokai Carbon, \$6 million. Koehler was sentenced to pay a fine of \$10 million, the largest antitrust fine ever imposed on an individual.

The Carbide/Graphite Group of Pittsburgh, Pennsylvania, another producer of graphite electrodes, previously announced that it has been accepted into the Antitrust Division’s Corporate Leniency Program. Carbide/Graphite, SGL, Showa Denko, UCAR, Tokai Carbon, Koehler, Hart and Krass have all agreed to cooperate in the Department’s ongoing investigation.

Krass is charged with violating Section One of the Sherman Act, which carries a maximum penalty of three years imprisonment and a \$350,000 fine for individuals. The fine

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may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's Philadelphia Field Office and the Federal Bureau of Investigation in Philadelphia.

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